

INFORMATION REPORT

SECRET

This material contains information affecting the National Defense of the United States within the meaning of the Espionage Laws, Title 18, U.S.C. Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.

COUNTRY **East Germany** REPORT

SUBJECT **Reorganization within the two Machine Construction Ministries.** DATE DISTR. **14 September 1955**

DATE OF INFO. NO. OF PAGES **2**

PLACE ACQUIRED REQUIREMENT NO. **RD**

DATE ACQUIRED REFERENCES

This is UNEVALUATED Information

THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.
THE APPRAISAL OF CONTENT IS TENTATIVE.
(FOR KEY SEE REVERSE)

1. A move is now underway to reorganize the main administrations of the East German Ministry for General Machine Construction, the Ministry for Heavy Machine Construction, and probably the Ministry for Heavy Industry. The goal of the reorganization is a general decentralization which would do away with the linear structure of the main administrations which has existed in the past.
2. In order to carry out the decentralization, it is planned that production groups (Produktionsgruppen) will be established. The production groups will not necessarily be located in Berlin but will have their headquarters in that area of East Germany in which most of the plants under the production group are located. In creating the production groups, the main administrations in Berlin are to be reduced in size. The production groups, however, will be considered as component parts of the respective main administrations.
3. A production group is to be concerned with only one particular branch of industry. Whereas in the past a main administration may have been responsible for 60 to 70 enterprises engaged in various kinds of production, the production group is to be responsible for only a small number of enterprises engaged in the same kind of production. For example, in the Main Administration for Radio and Telecommunications Technology (RFT) there will probably be one production group responsible solely for vacuum tubes, whereas in the past, HV RFT employees were responsible for production ranging from electroacoustics to wireless telecommunications. East German authorities hope that, by creating these specialized production groups and by establishing them in the area where their enterprises are located, it will be possible to exert more effective control over production.

SECRET

STATE	#x	ARMY	#x	NAVY	X	AIR	#X	FBI		AEC									
-------	----	------	----	------	---	-----	----	-----	--	-----	--	--	--	--	--	--	--	--	--

SECRET

25X1

-2-

4. Each production group is to have specialists in the following functions:

- a. Direction of production
- b. Marketing
- c. Labor
- d. Finance
- e. Technology
- f. Research and development

It has not yet been decided whether each production group will also have someone responsible for material procurement.

5. The creation of production groups will result in the decrease in size of the central departments. These departments will continue to function as a central point where reports from all the various production groups for any given main administration will be collected. It is thought that under the new structure, the production groups and the technical departments will work together as follows: For instance, the material procurement department of a given main administration could request directly from each of the production groups under the main administration all the information available on the status of raw material. Each production group, being specialized, would turn in a far more accurate and detailed report than is now possible under the present system, where employees of the material procurement department in a given main administration have to collate information from a large number of plants engaged in various types of production.

6. The entire reorganization is based on the decisions arrived at in the 23rd and 24th Plenums of the Central Committee of the SED. The new structure plan is to be finished by the end of July 1955. It can only be implemented, however, when the necessary cadre for the new structure has been established. In setting up the new cadres, it is probable that personnel now employed in the main administrations in Berlin will be transferred to enterprises under their main administration and that certain employees of the plants of the main administration will be transferred to the production groups and to the technical departments of the main administrations. In any event, the new structure plan should be in operation by the end of 1955.

25X1

SECRET

25X1